

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

In re:)	Chapter 11
)	
CIRCUIT CITY STORES, INC., <i>et al.</i> ,)	Case No. 08-35653 (KRH)
)	
Debtors.)	(Jointly Administered)
_____)

**SAFECO INSURANCE COMPANY OF AMERICA’S LIMITED OBJECTION TO
TRUSTEE’S NOTICE OF INTENT TO DESTROY ALL REMAINING
OBSOLETE HARD-COPY DOCUMENTS OF THE DEBTORS HELD IN
STORAGE, INCLUDING MISCELLANEOUS LEGAL FILES, CORPORATE
RECORDS, HUMAN RESOURCES, AND STORE SUPPORT CENTER
DOCUMENTS**

Safeco Insurance Company of America (“Safeco”), by counsel, states the following in response to the Notice of Intent to Destroy All Remaining Obsolete Hard-Copy Documents of the Debtors Held in Storage, Including Miscellaneous Legal Files, Corporate Records, Human Resources, and Store Support Center Documents (dkt. 14105) filed by the Trustee of the Circuit City Stores, Inc. Liquidating Trust:

1. In the Notice, the Trustee states that various “obsolete business records” held by the Trustee will be destroyed. The categories of records to be destroyed include documents relating to “store,” “field locations,” “loss prevention,” “store support center (accounting, payables, receivables, audit, reporting, tax, supply chain, procurement, etc),” and “miscellaneous legal files,” among others.

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2. Prior to filing the Notice, the Trustee initiated the Adversary Proceeding styled *Alfred H. Siegel, Trustee v. Safeco Ins. Co. of Am.*, Adv. Pro. No. 17-03042 (KRH), alleging that Safeco is holding collateral in relation to 107 bonds (the “bonds”) issued by Safeco and naming Circuit City Stores, Inc. as its principal. The Trustee argues that the collateral should be returned because Safeco has no exposure under the bonds, while Safeco argues that with respect to at least some of the bonds, it does have potential exposure and should be permitted to hold the collateral because it may receive and be forced to defend claims from obligees and/or third-party claimants. Safeco has filed a Third-Amended Counterclaim and Third Party Complaint in order to provide the obligees on the bonds an opportunity to be heard as to whether coverage remains.

3. It is unclear from the Notice whether the Trustee intends to destroy documents relating to (1) Safeco’s obligations under the bonds; or (2) actual or potential claims which the debtors or Trustee have received or may receive from obligees and/or third party claimants. The Court should prohibit the destruction of any such documents to avoid prejudice to Safeco’s right to defend itself against any future claims it may receive on the bonds.

Respectfully submitted,

SAFECO INSURANCE COMPANY OF
AMERICA

By Counsel

/s/ Thomas J. Moran

Date: July 19, 2017

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CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of July, 2017, the foregoing was filed using the Court's CM/ECF system, which will send a Notice of Electronic Filing to all parties registered to receive electronic notices in this case, including the following:

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*Special Litigation Counsel for Plaintiff Alfred Siegel, solely
in his capacity as Trustee of the Circuit City Stores, Inc.
Liquidating Trust*

/s/ Thomas J. Moran